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# STARS MANUAL

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## PAYROLL (LABOR DISTRIBUTION)

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### INTRODUCTION

This chapter explains:

- The Labor Distribution file.
- The timing and process for creating payroll warrants and posting payroll expenditures to agency funds.
- How to make payroll adjustments and record a third party payroll reimbursement.

### PAYROLL (LABOR DISTRIBUTION) – WHAT IS IT?

Idaho Code [67-3508](#) defines personnel costs as:

*(a) Personnel costs, which shall include the salaries or wage expenses of employees and officers, whether full-time, part-time, or other irregular or seasonal help and including compensation or honorarium of members of boards or commissions, and shall also include the employer's share of contributions related to other benefits provided to those employees and officers.*

The State Controller's Division of Accounting (DSA) maintains the Statewide Accounting and Reporting System (STARS). STARS issues and controls every state of Idaho warrant including all payroll-related warrants. STARS also tracks and controls legislative appropriations for state agencies, which includes personnel (object 4000).

The State Controller's Division of Statewide Payroll (DSP) maintains the statewide Employee Information System (EIS). EIS is designed to integrate three systems. Any action taken on one file will affect the others. The systems are:

- Personnel – used to record all human resource classification codes affecting state employees.
- Position Control – shows how money is forecasted for wages and salary for the current fiscal year. All persons paid from the payroll system must be associated with a budgeted position. All full-time employees must be assigned a unique position control number. Temporary employees, board members, etc., will be assigned a group position control number.

The annual Wage and Salary report is created from the position control file and the STARS operating file. The position control file provides the forecasted numbers and the STARS operating file provides the actual payroll expenses.

- Payroll – keeps track of payroll transactions.

EIS includes the Idaho Paperless Online Personnel/Payroll System (IPOPS). IPOPS is a web-based front end system that includes [electronic pay stubs](#) and [W2 downloads](#) that allows agency HR/Payroll staff to produce, route, authorize, track and archive personnel documents.

I-Time is an additional piece to the overall IPOPS. I-Time makes it possible for state employees to self enter their time. This eliminates double entry of time and the waste of paper.

DSP processes the payroll in four Pay Groups. This allows different types of payroll to be run on the same system throughout the year. The pay groups are:

- Bi-Weekly payrolls for most state agencies
- Bi-Weekly payrolls for the Universities (BSU, ISU, U of I)
- Weekly payroll for casual or emergency labor
- Monthly payrolls for the Judicial Branch

Please refer to the [DSP User Manual](#) for additional information on EIS.

## **PAYROLL (LABOR DISTRIBUTION) – UNDERSTANDING THE BASICS**

Payroll financial transactions need to be interfaced from EIS to STARS for recording payroll-related expenditures to the appropriate accounting classification elements and legislative appropriation. The file that interfaces the payroll data from EIS to STARS is called the labor distribution file.

### **PAYROLL CLEARING AGENCY AND FUND**

A Payroll-Clearing agency (142) and payroll trust fund (0590) is used in STARS to write all payroll-related warrants and direct deposits. The payroll warrants are created the night the labor distribution file is interfaced to STARS so that warrants can be distributed before payday.

DSP reconciles the transaction codes in the labor distribution file before interfacing it to STARS. The transaction codes that record the payroll-related warrants and direct deposits should equal the total of agencies' gross salary and wages and employee benefits.

**NOTE:** DSP creates the following reports that appear online under SYS ID AUIS44.

- AU444531 (Labor Distribution Interface to STARS, Vendor Payment Transaction Detail Report)
- B-444530 (Labor Distribution Interface to STARS, Net Pay Warrant/Direct Deposit Transaction Summary Report)
- B-444532 (Labor Distribution Interface to STARS, Fund Transfer Transaction Detail Report)
- B-444534 (Labor Distribution Interface to STARS, Fund Transfer Transaction Detail Report)
- C-444532 (Labor Distribution Interface to STARS, Gross Pay/Fringe Benefit Batch Summary Report)
- C-444534 (Labor Distribution Interface to STARS, Gross Pay/Fringe Benefit Batch Summary Report)
- D-444534 (Labor Distribution Interface to STARS, Vendor Payment Transaction Detail Report) to reconcile the labor distribution file.

## **TIMING FOR EIS TO INTERFACE LABOR DISTRIBUTION TO STARS**

The Division of Statewide Payroll interfaces the four payrolls from EIS to STARS:

- State Agency Bi-weekly Payroll – Friday (Thursday if Friday is a holiday) before each payday.
- University Payroll – the night before payday.
- Casual or Emergency Labor – will interface with the agency bi-weekly or the university payroll.
- Judicial Branch Monthly Payroll – the week before the first day of each new month.

The labor distribution file contains a G batch for each agency. The agency batches will error the night they are interfaced into STARS. Each agency should receive a DAFR8002 STARS EDIT ACTIVITY ERROR REPORT showing the G batch with a B13 invalid approval error.

The Division of Statewide Accounting will release the G batches again for processing on:

- The night before payday for state agency payroll.
- Payday for the other payrolls.

**NOTE:** The Division of Statewide Accounting will run job DA809090 to release G batches.

The G batches will process unless the transaction code 326 encounters any table edits that cause it to error again. Each agency is responsible for reviewing the erred transactions. The agency will need to contact the Division of Statewide accounting to make corrections to the table errors. Agencies should send corrections via e-mail to [dsahelp@scs.idaho.gov](mailto:dsahelp@scs.idaho.gov).

## LABOR DISTRIBUTION BATCH TYPE AND TRANSACTION CODE FOR AGENCIES

The labor distribution file contains the following batch type and transaction code for every state agency. The transaction code has a brief description. Detail information follows below the list.

In the batch type below, the agency code is the batch number.

<b>Batch Type</b>	<b>Labor Distribution Transaction Codes</b>
G	326 – Record Net Pay For Payroll

### TRANSACTION CODE 326 – RECORD GROSS PAY/FRINGE BENEFITS IN OPERATING FUND

The transaction code 326 records the gross salary & wages and employee benefits expenditures to the appropriated budget unit and fund. There is a transaction code 326 for each position control number and personnel subobject within an agency.

The transaction code 326 has a fund override that allows the transaction to bypass financial edits. The transaction code 326 will process even if there is not enough appropriation or cash in a budget unit or fund. However, an agency will not be able to process any further expenditure until the negative balances are cleared.

**NOTE:** DSA monitors negative balances and sends notifications to agencies at fiscal year end.

The transaction code 326 debits expenditures (4200) and credits cash in treasury (1003) general ledger.

## LABOR DISTRIBUTION BATCH TYPE AND TRANSACTION CODES FOR AGENCY 142

The labor distribution file contains the following batch types and transactions for agency 142. Each transaction code has a brief description. Detail information follows below the table.

<b>Batch Type</b>	<b>Labor Distribution Transaction Codes</b>
N	320 – Record Net Pay For Payroll
N	321 – Reclassify P/R Clearing to Garnishment Clearing
N	322 – Reclassify P/R Clearing to Payroll Wire Transfer Liability
V	324 – Record Liability for Vendor Payment
G	327 – Record Cash Transfer to Payroll Trust Fund

The N and V batches will process the night they are interfaced to STARS. Warrants are created that night and ready for distribution the following day.

#### **TRANSACTION CODE 320 – RECORD NET PAY FOR PAYROLL**

Employees who are not on Direct Deposit receive a payroll warrant for their net pay. DSP processes a transaction code 320 in the labor distribution file to write the net-pay warrant. Agency 142 will have an N batch for each state agency that is included in the labor distribution file. The agency code is the batch number. The N batch number is printed on the warrant so the warrant can be returned to the agency the week before payday for distribution on payday.

The transaction code 320 debits payroll-clearing liability (2499) and credits cash in treasury (1003) general ledger.

#### **TRANSACTION CODE 321 – RECLASSIFY P/R CLEARING TO GARNISHMENT CLEARING**

DSP processes state employee payroll garnishments. When DSP is notified about an employee garnishment, they flag the employee's position control number and create a transaction code 321 to be processed in the labor distribution file. The transaction code 321 creates a liability account for the garnishment. DSP then processes a transaction code 2G1 and 2G2 to clear the liability account and write the net pay warrant to the state employee and the entity filing the garnishment.

The transaction code 321 debits payroll-clearing liability (2499) and credits garnishment-clearing liability (2450) general ledger.

#### **TRANSACTION CODE 322 – RECLASS P/R CLEARING TO PAYROLL WIRE TRANSFER LIABILITY**

An electronic file of all direct deposit detail information is created by DSP and sent to the direct deposit bank the week before payday. DSP processes an N batch type with transaction code 322 in the labor distribution file. The transaction code 322 creates a liability account for the direct deposit wire. DSP processes a transaction code 323 to clear the liability and wire the cash to the direct deposit bank on the night before payday.

The transaction code 322 debits payroll-clearing liability (2499) and credits payroll wire transfer liability (2460) general ledger.

#### **TRANSACTION CODE 324 – RECORD LIABILITY FOR VENDOR PAYMENT**

The SCO treats all employee costs and employee withholdings that are due to third parties as payroll vendor payments. DSP creates a transaction code 324 for each payroll vendor to process in the labor distribution file. The transaction code 324 processes in a batch type V. The transaction code 324 writes a warrant to a payroll vendor. The warrants are returned to DSP for distribution before payday.

The transaction code 324 debits payroll-clearing liability (2499) and credits cash in treasury general ledger (1003).

### **TRANSACTION CODE 327 – RECORD CASH TRANSFER TO PAYROLL TRUST FUND**

In order to write all the payroll-related warrants in STARS under the payroll-clearing agency, the payroll trust fund needs to have a cash balance. A transaction code 327 transfers cash into the payroll-clearing agency and fund. DSP creates an offsetting transaction code 327 for each agency. The transaction code 327 equals the total of each agency's payroll expenditures found in their G batch transaction code 326. The transaction code 327 processes in a G batch.

The transaction code 327 debits cash in treasury (1003) and credits a payroll-clearing liability (2499) general ledger.

### **TRANSACTIONS NOT INCLUDED ON THE LABOR DISTRIBUTION FILE**

The following is a list of the transaction codes that DSP processes to clear the liability accounts that were created from transactions in the labor distribution file. Each transaction code has a brief description. Detail information follows below the list.

<b>Batch Type</b>	<b>Transaction Codes</b>
R	2G1 – Record Net Pay From Garnishment Clearing
R	2G2 – Record Vendor Payment From Garnishment Clearing
K	323 – Wire Transfer Direct Deposit Net Pay

### **TRANSACTION CODE 2G1 – RECORD NET PAY FROM GARNISHMENT CLEARING**

DSP uses a transaction code 2G1 to create a net pay warrant to an employee who has been garnished and to clear the garnishment liability created by the transaction code 321 in the labor distribution file. DSP uses the STARS recurring table to process the transaction code 2G1. The transaction code 2G1 processes in a batch type R in STARS.

The 2G1 debits garnishment-clearing liability (2450) and credits cash in treasury (1003) general ledger.

### **TRANSACTION CODE 2G2 – RECORD VENDOR PAYMENT FROM GARNISHMENT CLEARING**

DSP uses a transaction code 2G2 to create a warrant to the entity that filed a garnishment against an employee's pay and to clear the garnishment liability created by the transaction code 321 in the labor distribution file. DSP uses the STARS recurring table to process the 2G2 transaction code. The transaction code 2G2 processes in a batch type R in STARS.

The 2G2 debits garnishment-clearing liability (2450) and credits cash in the treasury (1003) general ledger.

### TRANSACTION CODE 323 – WIRE TRANSFER DIRECT DEPOSIT NET PAY

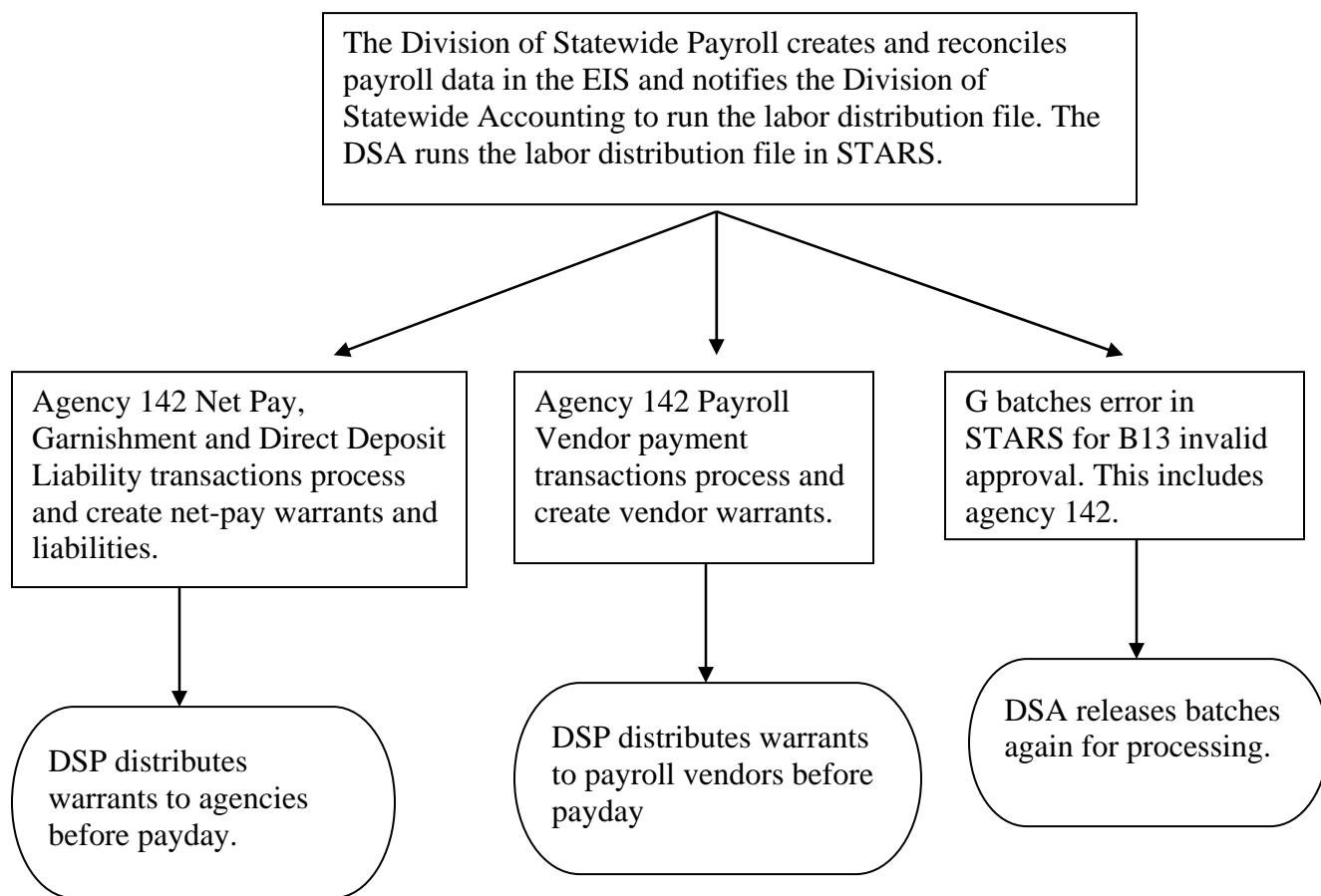
The day before payday the DSP directs the State Treasurer's Office to wire the cash funds to the current direct deposit bank. DSP enters a transaction code 323 in a K batch directly into STARS.

The transaction code 323 debits the direct deposit liability and debits the cash in treasury general ledger.

**NOTE:** The state of Idaho is currently using D.L. Evans bank (Vendor Number 820117415 07) as the direct deposit bank.

### LABOR DISTRIBUTION PROCESS

Below is a flow chart that shows the process for the labor distribution file.





## FISCAL YEAR END

The final June labor distribution file processes differently at fiscal year end. The G batches containing the transaction codes 326s and 327s will process the week before payday.

This will give agencies time to clear any deficit balances created by the transaction code 326 before DSP processes the final adjustment payroll for the fiscal year.

**NOTE:** DSA will adjust agency 142 cash and general ledger balances if July payroll related warrants are created in June.

## LOST/DAMAGED PAYROLL WARRANT

Employees who lose or damage their payroll warrant can get a replacement warrant. The employee will need to contact their Human Resource Department and inform them of the problem.

The agency's Human Resource Department will fax or mail the employee an Affidavit of Lost Warrant form that will have the employee's name, warrant number, amount of warrant, pay date and document number (the employee's social security number followed by a 1 or 0 at the end).

The employee's signature must be notarized and the original document must be mailed or hand-delivered back to the Human Resource Department. The Human Resource Department will affix a Cancellation Form to the Affidavit. The Cancellation Form should be filled out properly to assure prompt and accurate processing by the State Controller's Office. The Cancellation Form and the Affidavit need to be sent to the State Controller's Office, Division of Statewide Payroll (DSP) for processing.

Once the signed and notarized Affidavit has been received by the DSP, they will cancel the original warrant and reissue another by the following day.

**NOTE:** DSP will forward the approved cancel form to DSA for processing.

The Human Resource Department is notified so they can sign and release the new warrant to the employee. The reissued warrant does not include the employee's stub information. If the employee wishes to have that information, the Human Resource Department should contact their agency payroll technician for a copy of the payroll register.

The Division of Statewide Payroll requires that employees wait until the Wednesday after pay date to contact their Human Resource Department regarding a lost payroll warrant.

## THIRD PARTY PAYROLL REIMBURSEMENTS

### PAYROLL REIMBURSEMENT TRANSACTION CODE

Occasionally an agency receives a reimbursement from an outside source for payroll expenditures. With the approval of the Division of Financial Management (DFM), agencies can process a transaction code to record the reimbursement. The transaction code will reduce expenditures and increase cash in the agency fund.

The transaction code for a payroll reimbursement is:

Batch Type	Payroll Reimbursement Transaction Codes
J or 2	10P – Reimbursement of Payroll Costs

### TRANSACTION CODE 10P – REIMBURSEMENT OF PAYROLL COSTS

Use a batch type 'J' for depositing a check. Use a type '2' if you previously recorded the check into a treasurer's sweep or suspense account.

The transaction code 10P will require a personnel expenditure subobject and a position control number. The SCO established a generic subobject of 4130 (Payroll Reimbursements) and a generic position control number of 9666 for use when recording the 10P.

Enter the transaction code 10P into STARS and then contact the Division of Financial Management for approval. DFM will release the batch and send e-mail notification to the State Controller's Office, Division of Statewide Accounting for release of the batch type 2. The State Treasurer will contact DFM for approval to release the J batch.

## PAYROLL (LABOR DISTRIBUTION) – HOW TO ADJUST

Use the transaction codes below to adjust payroll data that has processed in STARS. You can move payroll expenditures to a different PCA, index, grant or project, but must use the same position control number. The transaction codes will require a position control number and a personnel subobject code.

### PAYROLL EXPENDITURE ADJUSTMENT TRANSACTION CODES

The following transaction codes can be used for adjusting payroll expenditures.

- 268 - Payroll Expenditure Adj – Reduction – Use to adjust the 326 transactions. It reverses incorrect information postings. It will require a position control number and a subobject in the 4000 range. Use with offsetting TC 269.
- 269 - Payroll Expenditure Adj – Charge – Use for 326 adjustments. It posts correct information. It will require a position control number and a subobject in the 4000 range. It offsets TC 268.

The total of the transaction code 268 must equal the transaction code 269 by position control number. You would normally input payroll expenditure adjustments using Batch Type 4 or 5.

These transaction codes will be included in the Wage & Salary report. Therefore, salary & wages need to be adjusted separately from employee benefits.

## **PAYROLL (LABOR DISTRIBUTION) REPORTS**

### **PAYROLL WARRANT REGISTER**

<b>Report</b>	<b>Description</b>
DAFR0225	<b>Payroll Warrant Register</b>  Lists all of the payroll warrants. The report lists the warrants by Disbursement Method Indicator (DMI) in numerical order by warrant number. The STARS system creates the report when payroll warrants are created in STARS.

### **PAYROLL TRANSACTIONS PROCESSED OR ERRED REPORTS**

<b>Report</b>	<b>Description</b>
DAFR7091	<b>Payroll Transaction Activity</b>  Lists all G, N and V batch headers and transactions that processed through STARS. The transactions include 320, 321, 322, 324, 326 and 327.
DAFR8002	<b>STARS Edit Activity Error Report</b>  Lists all batch headers and transactions that erred. This shows what was data entered per each transaction including the lookups. Shows all transactions that <u>erred</u> in the nightly IEU processing and why they erred. Those items with a Fxx or Exx error codes are usually fatal errors. All others are just warnings on transactions that processed.